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Chandler, Alfred Dupont

National savings banks

Washington

1880

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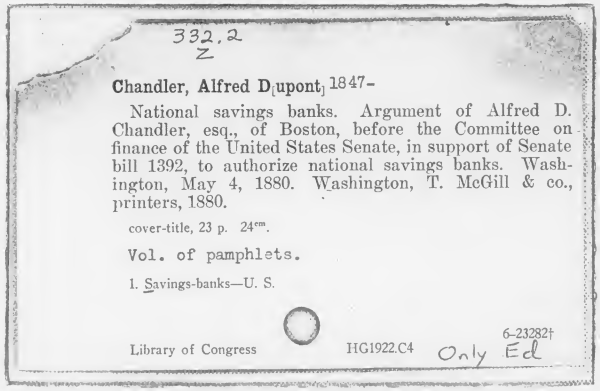

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NATIONAL SAVINGS BANKS.

ARGUMENT

— OF —

ALFRED D. CHANDLER, ESQ.,

OF BOSTON,

BEFORE THE

Committee on Finance of the United States Senate,

IN SUPPORT OF SENATE BILL 1392, TO AUTHORIZE NATIONAL SAVINGS BANKS.

WASHINGTON, MAY 4, 1880.

WASHINGTON, D. C.
Thomas McGill & Co., Law Printers, 1107 E Street Northwest.
1880.

COMMITTEE ON FINANCE

—OF THE—

UNITED STATES SENATE.

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FRANCIS KERNAN, . . .	of New York.
WILLIAM A. WALLACE, . .	of Pennsylvania.
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THOMAS W. FERRY, . . .	of Michigan.
JOHN P. JONES, ...	of Nevada.
WILLIAM B. ALLISON, . . .	of Iowa.

ARGUMENT

OF

ALFRED D. CHANDLER, Esq.,

OF BOSTON, MASS.,

Before the Committee on Finance of the U. S. Senate, in support of Senate Bill 1392, *to authorize National Savings Banks.*

WASHINGTON, D. C., MAY 4, 1880.

The Committee having under consideration Senate bill 1392 to authorize national savings banks, Mr. Chandler said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE:

I appear here in support of the bill now before the Committee to authorize national savings banks in the United States. The bill is modeled after the National Bank Act, and also on the Massachusetts Savings Bank Act of 1876, (Acts of 1876, ch. 203,) which is the embodiment of sixty years' experience in Massachusetts of savings bank legislation, the first act being in 1816.

The chief object of this bill is to give *security* to depositors in savings banks. In Great Britain, as well as in the United States, this question of security to the depositors in savings banks has always been a serious one. In 1861, the Chancellor of the Exchequer, (Mr. Gladstone,) in his speech as reported in Hansard, (vol. 161, p. 262,) said: "The main question, that of the liability of the trustees to the depositors,

was one which had up to that time baffled the skill of those who had attempted to deal with it." Lord Stanley, in debating the same question, (Hansard, vol. 162, pp. 880, 881,) said that the losses up to that time, 1861, to depositors in savings banks, had been, from want of security alone, £229,000, over $1,000,000, and this nearly twenty years ago.

That security which is imperatively necessary, and which could not be found in the savings banks of Great Britain and Ireland, has been wanting as well in the United States, where the amount deposited in savings banks is far greater than like deposits in the United Kingdom.

The failures of savings banks in this country have brought extreme hardships to great numbers of people who could least afford the loss or bear the privations which followed.

With each failure of the kind the people look with growing distrust upon the system. The encouragement they have to save their earnings is crushed by the severest experience.

The absence of security now leads multitudes to "spend as they go"; hence no provision is made by them for times of need, for, as they find, no provision can be made. Indisputably, then, there is a great want to be supplied to the masses of the people in this matter of security—a want which, if met, will tend immeasurably to their relief and amelioration, and hence to the advantage of the country.

That want can be provided for now. To-day the government can give the security needed. And if the government does this, it strengthens itself; for the closer the fortunes of the people are knit in with that of the government, the stronger both become. It works a mutual benefit.

Statistics on savings banks from all the States are not

readily obtained, even at Washington. For the purposes of this short argument the careful returns from Massachusetts will be used.

In Massachusetts, there were $243,340,642 on deposit, in savings banks, in 1876; but this declined, in 1879, to $206,378,709—a falling off, in four years, of $36,961,933.

This great decline in a single prosperous State is not due alone to local causes, for the decline throughout the nation during the same period was nearly $100,000,000, the total deposits, in 1876, being $844,600,000, and in 1879, $747,100,000 in the savings banks of the United States.

The causes leading to this decline have been lack of confidence, together with the late depression in business and want of employment. It has been said that if the savings banks were again to be subjected to such a strain as they have just passed through, but few could sustain themselves.

In theory, at least, these savings banks are purely benevolent institutions. In Massachusetts they were founded as such.

The first charter was granted in 1816, to no less than forty-eight of the most prominent citizens of Boston, including clergymen. Other charters followed, care being taken to grant them only to proper persons, the individuals selected being the only guarantee for the proper conduct of the bank. But in the sixty-odd years which have followed, some of these savings banks have been brought into financial difficulty, because of speculation, of competition, and of successive changes in officers, occasioned by death or by reverses in financial standing and integrity.

The strictly benevolent character which characterized the savings banks at the outset by degrees changed. The Na-

tional Government did not fortify these banks or control them. Yet in Massachusetts, as elsewhere, the welfare of the depositors called for State control, and in 1876 an act was passed, thirty sections in length, carefully remodeling and providing for the duties and liabilities of Massachusetts savings banks.

One marked feature of acts of this kind is the enumeration of the securities in which alone the deposits and income therefrom shall be invested. These vary in different States, but the option is given of many securities, national, State, county, municipal, real estate, railroad bonds, bank stock, &c. To limit the investments to one class—and that government securities—has not heretofore been done in Massachusetts or elsewhere, for there have been times when there were no government securities, or not enough to supply the demand.

The national debt after the Revolutionary War was about $75,000,000, and after the war of 1812 was about $127,000,000, but in 1835, in President Jackson's administration, it was all paid off; and in 1837 a surplus of $40,000,000, accumulated in the national treasury, was, for the most part, disbursed among the States; consequently no government securities were afloat at that time.

Thus, in 1830, Mr. Justice Putnam, in the case of *Harvard College* v. *Amory*, 9 Pick., 446, 460, in contrasting the English rule (requiring trust funds to be invested in the public funds) with the American practice, observed:

"This reasoning has very little or no application here; for, in the first place, the stocks depending upon the promise of the government, or, as they are called, the public funds, *are exceedingly limited in amount* compared with the amount of trust funds to be invested."

So, in 1831, the Chancellor of New Jersey, in the case of *Gray* v. *Fox*, Saxton N. J. Eq., 259, 268, observed:

"In England property may always be invested in the funds. These are recognized by their courts as safe and permanent securities, and it is the policy of every branch of the government to consider them so. In this country the amount of public or government stock *is very small*, and in an inland State like our own, there are few opportunities for investing in that kind of security."

So, too, in 1838, three years after the national debt was paid off, Chief Justice Shaw, in the case of *Lovell* v. *Minot*, 20 Pick., 116, 119, observed:

"In fact, *there are no public securities in this country* which would answer these regulations of an English court of equity."

In 1851, after the Mexican war, the national debt was about $68,000,000, and in 1865, after the war of the Rebellion, it had increased to about $2,757,000,000, and the larger part of this is as yet unpaid. There is, then, a great change in the financial situation of the country. The government is no longer out of debt, or with but a small debt, but it is heavily in debt, seeking a market for its bonds, and so in a position now to offer to the people the very security it could not offer before, and the very security the people need.

Investments in real estate, to be sure, always have been and always will be popular to a certain extent. But they are not altogether safe, and do not supply the demand. In spite of legislation, heavy losses have been sustained in Massachusetts, as elsewhere, through real-estate investments by the savings banks. In that State the returns show how marked

a change has lately taken place in that class of investments by savings banks.

Thus the loans on mortgages of real estate by Massachusetts savings banks were, in

1876, ...	$121,151,105.28
1879, ...	86,181,034.33
	$34,970,070.95

Here is a shrinkage of nearly $35,000,000, in four years, in investments by savings banks in mortgages in Massachusetts, where real estate is perhaps as safe an investment of its kind as it is anywhere. This shows that the old method of extensively investing savings banks' deposits in real estate has received a very material check. Investments in State, county, city, and town bonds, however, remain almost unchanged in Massachusetts; thus the savings banks there had invested in such bonds, in

1876, ...	$16,695,434.61
1879, ...	16,231,131.85

But the investments in United States bonds by Massachusetts savings banks have *increased* during the same period nearly 100 per cent.; thus, in

1876, ...	$11,940,758.23
1879, ...	22,904,743.37

Here, then, is proof, at least in Massachusetts, that the security now afforded by the government in its bonds is such that savings banks are rapidly availing themselves of it, as safe assets, quickly convertible at the highest market price.

This is also recognized in New York State, where five of the leading savings banks now have over fifty per cent. of

their deposits invested in government securities. I refer to the

Brooklyn Savings Bank.
Bank for Savings, New York.
Bowery Savings Bank, New York.
Institute for Savings of Merchants' Clerks.
Erie County Savings Bank.

But large numbers of savings banks are not making this change in the character of their investments as above indicated, and the condition of many of these is precarious. In Massachusetts alone, last year, no less than nineteen savings banks—out of one hundred and sixty-six—paid no dividends of interest. These were all temporarily enjoined by decrees of the Supreme Judicial Court, or subject to orders limiting and regulating payments to depositors; and there was (Oct. 31, 1879) due to depositors from these nineteen savings banks, $18,208,803.20.

The savings banks commissioners of Massachusetts, in their last report for 1879, (p. 436,) observe:

"It should be the policy of the savings banks to eliminate from their assets everything of doubtful value, and to invest their deposits in the safest securities, making the income to be derived from these entirely a secondary consideration.

"If this course prevents the banks from paying even the minimum rate of dividend allowed by law [four per cent.], and tends to their depletion by depositors who have placed their funds in them for the income to be derived, rather than for safe-keeping, it will result only in reducing their deposits in times when the holding and investing of trust funds are the most uncertain and unsatisfactory.

"It will find them, with reduced liabilities and with available and substantial assets, fully prepared to meet the shock

of distrust and disaster, and which they were not entirely able to withstand during the last panic."

I advance these facts to show the growing disposition forced upon managers of savings banks to recognize the security afforded by the government in its bonds, and to show how far—at least in a single conservative State—the change from landed to government securities has necessarily developed of late, and to present to you *the need of government aid in giving to the people the government security the people want, and in giving to the government the popular support the government wants.*

Of course a lower rate of interest follows these changes; and of course it becomes apparent that *security* must be sought for, rather than a high rate of interest.

In Massachusetts, the decline in the percentage of earnings to total assets was from, in

1876, ... $6\frac{2}{3}$ per cent.
to, in 1879, ... $5\frac{1}{2}$ per cent.

And the decline in Massachusetts in the average rate of dividends was from, in

1876, ... $5\frac{2}{3}$ per cent.
to, in 1879, ... $3\frac{68}{100}$ per cent.

A lower rate is now accepted as a necessity; but with this lower rate *is demanded a security as nearly absolute as can be found.*

It is the object of the bill now before the Committee to give that security, and to give such a rate of interest as the government bonds will allow.

Mr. Gladstone fixed the rate of interest to be paid under the Post-office Savings Bank system, in England, at $2\frac{1}{2}$ per

cent. (24 Vict., ch. 14.) At the same time the existing savings banks then paid to depositors $3\frac{1}{4}$ per cent.

This was in 1861—nearly twenty years ago. Savings banks (under Parliament) had then been in existence in England about forty-five years. They were begun in 1817, or one year later than in Massachusetts.

Mr. Gladstone expressly affirmed that he did not deem that the object of his bill to authorize post-office savings banks, to give depositors the security of the government, was competition with the old savings banks; for the rate of interest offered by the new plan was only $2\frac{1}{2}$ per cent., while the rate paid by the savings banks was $3\frac{1}{4}$ per cent. Hence parties had an option; and the new plan could not run in unfair competition with existing banks. The tendency might well be to strengthen the existing banks by forcing them to a sounder management, but no injury could strictly come to the existing banks, for, as benevolent institutions, they could not, and ought not to, exist, unless kept in a position to safely fulfill their benevolent object.

So, in this bill now before the Committee, it gives parties an option. They may choose the higher rate of interest with the security—such as it may be—offered by existing savings banks, or they may choose the lower rate with the security offered by the government. No unfair competition is designed. The entire aim is *security*, with a moderate rate of interest.

In Great Britain, the old savings banks and the post-office savings banks have worked together harmoniously. The opposition at first expressed in the parliamentary debates seems no longer to exist. The capital of the old savings banks has increased meanwhile. The amount held by those banks in England and Wales, in 1876, was £34,000,000.

At the same time, the post-office savings banks of the United Kingdom held about £27,000,000, filling a want long felt, and which the old savings banks could not satisfy.

These figures are small as compared with deposits in savings banks in the United States, but they show how successfully the plan to give government security has worked abroad, and how little the new and the old system clash, each filling its own sphere.

It may be said that the adoption in the United States of a Post-office Savings Bank would be preferable to the plan of private savings banks under government control and support, as now proposed by this bill. But would it be preferable? Is not our situation in this respect widely different from that which exists in the United Kingdom of Great Britain and Ireland?

There, the net revenue from the Post-office Department was, in 1876, £257,601, over $1,200,000. Here, there is a yearly deficit in the Post-office Department, the expenditures in 1879 being $33,449,899, and the revenue being only $30,041,983, a loss of over $3,000,000 in a single year.

One of Mr. Gladstone's points in advocating the post-office savings bank system was that the Post-office Department was already a paying institution there, and that it could very easily be turned to the advantage of the people and the government by undertaking the proposed work.

This proved to be true, and the result has been well for the people there and for the government, the profit to the government from this new source for the year 1878 being £147,116, about $700,000, and the interest paid to the depositors for the year being £699,603, over $3,000,000. But in the United States it cannot be urged that the Post-office

Department is a paying institution, and ready to undertake the successful management of such a scheme, because, as shown, the Post-office Department is now run only at a heavy loss each year.

Again, the whole number of post-offices in the United Kingdom at the end of 1879 was only 13,881, and only about one-half of these were used as post-office savings banks. In the United States, however, there were, in 1879, nearly 41,000 post-offices, and the number is rapidly increasing each year. To put upon our Post-office Department the responsibility of turning even one-half that number of post-offices into savings banks would require additional security from as many postmasters, and might increase the official patronage of the government to a dangerous extent. Besides, what assurance have we that such a scheme would not cost the government far more than it could gain?

As a matter of policy, then, in the governmental control of the nation, as well as to avoid the additional pecuniary loss almost certain to follow its adoption, the plan of post-office savings banks cannot now be urged with propriety in this country.

It is better to leave this to private management under government support and supervision; for in that way the three great objects to be attained by the proposed bill can be secured, namely:

1. To give to the masses of the people the best *security* for their savings.

2. To give to the government a ready *home* market for its bonds.

3. To strengthen the government by uniting the interests of the people more closely with the welfare of the nation.

I now present a synopsis of the proposed bill, by which it will be seen that speculation and competition are hardly possible, because of the compulsory investment in Governments only. Its extreme simplicity commends it to the public. The managers are relieved from the care of investments; but little more is required than the simplest book-keeping. The security is the best. The expense of conducting the banks will be very much less than that of ordinary savings banks.

The bill first provides for the organization of national savings banks associations for receiving, using and improving deposits, to be wholly invested in United States bonds or securities. The requirements of the organizations are similar to those in the case of national banks. Such associations are to be managed by trustees, who appoint a president, one or more vice-presidents, a treasurer who shall give bonds, and other officers. No business can be transacted except for its formation, till the association is authorized by a certificate from the Comptroller of the Currency to commence the business of a savings bank.

The Comptroller has full power to examine into the propriety of granting or withholding such certificate.

The qualifications of citizenship required in the case of national banks are imposed for national savings banks.

Each trustee is under oath for the diligent and honest administration of the affairs of the association; such oath, duly certified, to be in the hands of the Comptroller of the Currency.

All deposits except the amount needed for actual expenses and payments shall be wholly and promptly invested in bonds or securities of the United States paying interest. At least ninety per cent. of all bonds or securities held by each association shall be delivered to the Treasurer of the United States, to be kept by him under the conditions imposed.

The Treasurer and Comptroller have the same power and duties over such bonds as they have in the case of national banks.

A guarantee fund of five per cent. of the whole amount of the deposits is provided to meet depreciation or other losses. No deposit shall be less than one dollar, nor of any sum not a multiple thereof. Semi-annual dividends are to be paid; and the depositors are entitled to all the income or profit above reasonable expenses and the guarantee fund. No interest shall be paid till the first day of the calendar month next following the expiration of thirty days after the day such deposit is made, and interest shall cease on the first day of the calendar month in which the deposit is withdrawn.

Monthly reports are to be made to the Comptroller of the Currency, who has power to call for special reports. Additional reports are also required on dividends. A penalty is imposed for failure to make the required reports.

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, has the power to make special examinations of such associations through agents appointed for that purpose.

All bonds and securities of such associations are to be exempt from taxation, and such associations shall be subject to all acts of Congress relating to national banking, so far as they do not conflict with this bill and are applicable to such associations.

Some amendments are suggested to the bill as now before the Committee. The bill thus amended is as follows:

46TH CONGRESS, 2D SESSION. } S. 1392.

IN THE SENATE OF THE UNITED STATES.

MARCH 1, 1880.

Mr. WINDOM asked and, by unanimous consent, obtained leave to bring in the following bill; which was read twice and referred to the Committee on Finance.

A BILL

To authorize national savings banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That national savings banks associations, for receiving, using, and improving deposits, to be wholly invested in United States bonds or securities, may be formed by any number of natural persons, not less in any case than thirteen; they shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs; these articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office.

SEC. 2. That the persons uniting to form such an association shall, under their hands, make an organization certificate which shall specifically state:

First. The name assumed by such an association; which name shall be subject to the approval of the Comptroller of the Currency.

Second. The place where its operations of deposit are to be carried on, designating the State, Territory, or District, and the particular county and city, town or village.

Third. The names and places of residence of the associates.

Fourth. The fact that the certificate is made to enable such persons to avail themselves of the advantages of this act.

SEC. 3. That the organization certificate shall be acknowledged before a judge of some court of record, or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court or notary, transmitted to the Comptroller of the Currency, who shall record and carefully preserve the same in his office.

SEC. 4. That upon duly making and filing articles of association and an organization certificate, the association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for the period of twenty years from its organization, unless it is sooner dissolved according to the provisions of its articles of association, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity, as fully as natural persons.

Fifth. To elect or appoint trustees, and by its board of trustees to appoint a president, one or more vice-presidents, treasurer, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

Sixth. To prescribe, by its board of trustees, by-laws, not inconsistent with law, regulating the manner in which its trustees shall be elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

Seventh. To exercise by its board of trustees, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of a savings bank.

Eighth. To choose by ballot any person or persons as members of such association.

But no association shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence the business of a savings bank.

SEC. 5. That if, upon careful examination, whether by means of a special commission appointed by the Comptroller for the purpose of inquiring into the condition of such association, or otherwise, it appears that such association is lawfully entitled to commence the business of a savings bank, the Comptroller shall give to such association a certificate, under his hand and official seal, that such association has complied with all the provisions required to be complied with before commencing the business of banking, and that such association is authorized to commence such business. But the Comptroller may withhold from an association his certificate authorizing the commencement of business whenever he has reason to suppose that the association has been formed for any other than the legitimate objects contemplated by this act.

SEC. 6. That the association shall cause the certificate issued under the preceding section to be published in some newspaper printed in the city or county where the association is located, for at least sixty days next after the issuing thereof; or, if no newspaper is published in such city or county, then in the newspaper published nearest thereto.

SEC. 7. That the affairs of each association shall be managed by not less than thirteen trustees, who shall be elected by the members of the association, at a meeting to be held at any time before the association is authorized by the Comptroller of the Currency to commence the business of a savings bank; and afterward, at meetings to be held on such day in January of each year as is specified therefor in the articles of association. The trustees and other officers, except the treasurer, shall hold office for one year, and until their successors are elected and have qualified. The treasurer shall be appointed by the trustees, shall hold his office during their pleasure, and shall give bond, to the satisfaction of the trustees, for the faithful discharge of the duties of his office.

SEC. 8. That every trustee must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the trustees must have resided in the State, Territory, or District in which the association is located, for at least one year immediately preceding their election, and must be residents therein during their continuance in office.

SEC. 9. That each trustee, when appointed or elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act. Such oath, subscribed by the trustee making it, and certified by the officer before whom it is taken, shall be immediately transmitted to the Comptroller of the Currency, and shall be filed and preserved in his office.

SEC. 10. That any vacancy in the board shall be filled by appointment by the remaining trustees, and any trustee so appointed shall hold his place until the next election.

SEC. 11. That one of the trustees, to be chosen by the board, shall be the president of the board.

SEC. 12. That the usual business of each national savings bank association shall be transacted at an office or banking-house located in the place specified in its organization certificate.

SEC. 13. That such associations may receive deposits from any person or persons, and use and improve the same for the purposes and according to the directions herein mentioned and provided. No deposit shall be less than one dollar, nor of any sum not a multiple thereof. Withdrawals by depositors may be made at such reasonable times and in such manner as each association shall determine.

SEC. 14. That all deposits received by any such association, except the amount needed for actual expenses and pay-

ments, shall be wholly and promptly invested in bonds or securities of the United States paying interest.

SEC. 15. That at least ninety per centum of all United States bonds or securities held by any such association shall from time to time be transferred and delivered to the Treasurer of the United States. Such bonds or securities shall be received by the Treasurer upon deposit, and shall be by him safely kept in his office, until required by the depositors of such association. But such bonds or securities shall only be withdrawn as the exigencies of the business of each association may demand, and under such rules and regulations as may be prescribed by the Comptroller of the Currency. The interest on such bonds and securities shall be paid to such association when due.

SEC. 16. That all transfers of United States bonds or securities, made by any association under the provisions of this act, shall be made to the Treasurer of the United States in trust for the association, with a memorandum written or printed on each bond, and signed by the president, secretary, and treasurer of the association making the deposit. A receipt shall be given to the association by the Comptroller of the Currency, or by a clerk designated by him for that purpose, stating that the bond is held in trust for the association on whose behalf the transfer is made, and as security for the depositors of such association. No assignment or transfer of any such bond by the Treasurer shall be deemed valid unless countersigned by the Comptroller of the Currency.

SEC. 17. That the powers now or hereafter to be conferred by Congress in relation to the duties of the Treasurer of the United States and the Comptroller of the Currency, in regard to United States bonds deposited with the Treasurer under the national-bank act, shall apply, so far as the same are pertinent, to national savings banks created under this act.

SEC. 18. That every such association shall, at the time of making each semi-annual dividend as hereinafter provided, reserve from the net profits which may have accumulated

during the six months then next preceding, not less than one-eighth nor more than one-fourth of one per centum of the whole amount of deposits as a guarantee fund, until such guarantee fund shall amount to five per centum of the whole amount of deposits, which fund shall be thereafter maintained and held to meet losses in its business from depreciation of its securities, or otherwise.

SEC. 19. That the income or profit of all such associations, after a deduction of all reasonable expenses incurred in the management thereof, and the guarantee fund hereinbefore provided, shall be divided semi-annually among the depositors or their legal representatives, at times fixed by the by-laws of such associations. No interest or income shall be paid on any amount less than one dollar or some multiple thereof; no deposit shall draw interest or income until the first day of the calendar month next following the expiration of thirty days after the day such deposit is made; and interest or income shall cease on the first day of the calendar month in which the deposit is withdrawn.

SEC. 20. That every association shall make to the Comptroller of the Currency a monthly report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or treasurer of such association, and attested by the signature of at least three of the directors. Each such report shall exhibit in detail, and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by himself specified, and shall be transmitted to the Comptroller within five days after the receipt of a request or requisition therefor from him, and in the same form in which it is made to the Comptroller, shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be required by the Comptroller. The Comptroller shall also have power to call for special reports from any association

whenever in his judgment the same are necessary in order to a full and complete knowledge of its condition.

SEC. 21. That in addition to the reports required by the preceding section, each association shall report to the Comptroller of the Currency, within ten days after declaring any dividend, the amount of such dividend, and the amount of net earnings in excess of such dividend. Such reports shall be attested by the oath of the president or treasurer of the association.

SEC. 22. That every association which fails to make and transmit any report required under either of the two preceding sections shall be subject to a penalty of one hundred dollars for each day after the periods respectively therein mentioned that it delays to make and transmit its report. Whenever any association delays or refuses to pay the penalty herein imposed, after it has been assessed by the Comptroller of the Currency, the amount thereof may be retained by the Treasurer of the United States, upon the order of the Comptroller of the Currency, out of the interest, as it may become due to the association, on the bonds deposited with him. All sums of money collected for penalties under this section shall be paid into the Treasury of the United States.

SEC. 23. That the Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall, as often as shall be deemed necessary or proper, appoint a suitable person or persons to make an examination of the affairs of every savings bank association, who shall have power to make a thorough examination into all of the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath; and shall make a full and detailed report of the condition of the association to the Comptroller. No person shall be appointed to examine the affairs of any savings bank association of which he is a trustee or other officer. All persons appointed to be examiners of national savings banks shall receive such compensation as may be fixed by the Secretary of the Treasury upon the recommendation of the Comptroller of the Currency, which shall be assessed by the

Comptroller of the Currency upon, and be paid by, the respective associations so examined. No association shall be subject to any visitorial powers other than such as are authorized by this act, or are vested in the courts of justice.

SEC. 24. That all United States bonds and securities together with all deposits of any national savings banks, shall be exempt from taxation in any form, either Federal, State, county, or municipal.

SEC. 25. That national savings banks associations shall be subject to all acts of Congress relating to national banking, so far as the same are not in conflict with this act, and are applicable to such associations.

END OF
TITLE